

FY 2019 Supplemental Request**LBB 2-71****Department: Department of Health and Welfare****Sponsor(s):****Division: Substance Abuse Treatment & Prevention****Senator Agenbroad****Program: Substance Abuse Treatment & Prevention****Rep Amador****Description: Already Approved Contract Increases****Rep Troy****Senator Lee****Rep Wintrow****1. Background:**

The Substance Abuse Treatment and Prevention Program requests \$780,000 in ongoing operating expenditures from the General Fund to bring its appropriation up to the amount needed for an increase in the administrative costs of the substance abuse management services contractor, BPA Health. The request is for a full 12-months of contract obligations. The contract is managed and overseen by the department, but the contract is for services provided to the Supreme Court, the Department of Correction, and the Department of Juvenile Corrections. The contractor oversees a network of private treatment providers to ensure that services are available to Idahoans associated with the aforementioned state agencies. The RFP for a new contract was issued in February 2018, awarded in May 2018, and signed in July 2018, with an effective date of November 1, 2018. The contract was awarded and signed without sufficient appropriation to meet the terms of the contract. Signing the contract contradicts prior statements from the Department of Administration's Division of Purchasing (DOP) that agencies must have sufficient appropriation to meet the needs of the contract. Further, Health and Welfare staff stated that they were unaware of the increase until after the contract was signed; this also contradicts policies for the Division of Purchasing. However, during the contracting process, and prior to final signatures, DHW was provided with an object-level breakdown of the contract costs by DOP, and at that time DHW informed DOP that they had the sufficient appropriation to meet the terms of the contract. None of the other state agencies are willing to financially support this increase as it is viewed as "the responsibility of the Department of Health and Welfare", but all support the supplemental request. In FY 2012, when substance abuse funding was separated out and appropriated to each entity, the contract remained in the department to simplify the process and minimize administrative costs; the new contract includes a flat monthly administrative fee of 18% or \$3.24 million a year. The total contract over three years, which includes claims payments, is for \$52.8 million or \$17.6 million a year.

	Fund	Type	OT	FTP	PC	OE	TB	Total
Sub Abuse	0220-03	Gen	✓	0.00	0	520,000	0	\$520,000
Indirect Support	0220-03	Gen		0.00	(37,000)			(\$37,000)
Indirect Support	0220-03	Gen	✓	0.00	(177,000)			(\$177,000)
Benefit Payments	0220-03	Gen	✓	0.00	0		(306,000)	(\$306,000)
	TOTAL			0.00	(\$214,000)	\$520,000	(\$306,000)	\$0

2. Actions:

- a. Reopen Budget:** Requires unanimous consent or 2/3 majority to reopen.

"I request unanimous consent to reopen the fiscal year 2019 budget for the Department of Health and Welfare."

- b. Motion:**

"I move for the Department of Health and Welfare for fiscal year 2019, for the Substance Abuse Treatment and Prevention Program the addition of \$520,000 in onetime operating expenditures; for the Indirect Support Services Program a reduction of \$177,000 in onetime personnel costs and \$37,000 in ongoing personnel costs; and from the Benefit Payments Program a reduction of \$306,000 in trustee and benefit payments, with all adjustments from the Cooperative Welfare (General) Fund. The totals for this motion is a net zero change for the department."

c. Discussion

This motion reflects a net zero transfer for the department. This is possible because of realized savings in existing General Fund appropriation for the department.